



DEPARTMENT OF DEFENSE
CIVILIAN PERSONNEL MANAGEMENT SERVICE
1400 KEY BOULEVARD
ARLINGTON, VA 22209-5144

13 AUG 2002

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Voluntary Early Retirement Authority (VERA)

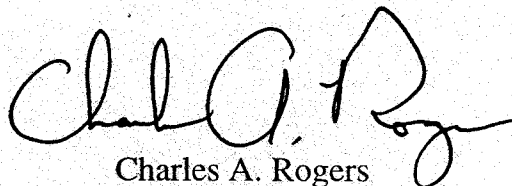
The Office of Personnel Management (OPM) has granted the Department of Defense (DoD) the authority to approve early retirements for Fiscal Year (FY) 2003. Under this new authority, voluntary early retirements may be offered October 1, 2002, through September 30, 2003, to assist DoD activities with traditional downsizing actions, e.g., reductions in force, transfers of function, and reorganizations. The Office of Personnel Management has also approved early retirements for workforce restructuring purposes and specific guidance for using that authority will be provided under separate cover.

A copy of OPM's August 1, 2002, letter providing VERA authority is at attachment 1. The OPM authority letter contains information on OPM reporting requirements and the specified reporting format.

The DoD guidance for submitting authority requests and implementing VERA within your agency is at attachment 2. The DoD guidance provided in this memorandum is similar to the guidance provided in previous years. Upon DoD approval, activities may continue to offer targeted, early retirements within established window periods. As with the FY 2002 VERA requests, targeting may be based on any combination of organizational components, geographic areas, occupational series or grade levels, or other nonpersonal and objective factors.

A copy of this memorandum, with attachments, is posted on the Civilian Personnel Management Service, Civilian Assistance and Re-Employment (CARE) Division website, <http://www.cpms.osd.mil/care/index.html>, under "Other CARE Tools."

If you require additional assistance or more information about the attached guidance, please contact the CARE Division staff at (703) 696-1799 (DSN prefix 426).


Charles A. Rogers
Director

Attachments:
As stated

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DIRECTOR FOR HUMAN RESOURCES, NATIONAL GUARD
BUREAU



United States
**Office of
Personnel Management**

Washington, DC 20415-0001

In Reply Refer To:

Your Reference:

• Mr. Charles A. Rogers
Director, Civilian Personnel Management Service
Department of Defense
1400 Key Boulevard
Arlington, VA 22209-5144

AUG - 1 2002

Dear Mr. Rogers:

Based on your agency's request, the Office of Personnel Management (OPM) has determined that a major reduction in force exists within the Department of Defense (DoD). This letter authorizes the use of voluntary early retirements under sections 8336(d)(2) and 8414(b)(1)(B) of title 5, United States Code (U.S.C.), and sections 831.114 and 842.213 of title 5, Code of Federal Regulations (CFR). Your OPM authority number is 2003-009.

Except as excluded below and subject to offers by your agency, this authority covers all employees of DoD. The following are excluded:

- (1) Any employees who have not been continuously on the agency's rolls since at least 31 days before the date of your request, July 26, 2002;
- (2) Employees serving under time-limited appointments; and
- (3) Employees in receipt of a decision of involuntary separation for misconduct or unsatisfactory performance.

You may offer voluntary early retirements from October 1, 2002, through September 30, 2003, subject to the provisions, limitations, and instructions outlined in this letter and sections 831.114 and 842.213 of 5 CFR.

Sincerely,

Ellen E. Tunstall
Ellen E. Tunstall
Assistant Director
for Employment Policy

Enclosures

Instructions for Use of This VERA

You may determine the coverage of offers to eligible employees under this authority based on any combination of organizational components, geographic areas, occupational series or levels, or other nonpersonal and objective factors. These offers may be established on your own initiative.

You may establish early retirement window periods during which early retirements may be offered. These window periods may be established for any duration covered by this authority. You may limit window periods only by an established opening and closing date or by receipt of a specified number of early retirement applications. The manner of the limitation must be announced to employees at the time of the initial offer. You may subsequently establish and publicize a revised closing date, or a revised number of applications, when a change in management's need to offer voluntary early retirement has occurred. The revised closing date, or number of applications, may be applicable to the entire authority or only to employees in specific organizational unit(s), occupational series or level(s), or geographic area(s). The notice of the revised closing date or number of applications must be publicized in the same manner and to the same group(s) of employees as the original notice.

In granting this authority, OPM recognizes your need to offer voluntary early retirement to a specific group of employees within your organization for a specific period of time. You have not been delegated the authority to oversee any aspect of the voluntary early retirement program that is outside the scope of this delegation. We have granted this authority based on information concerning the number of excess employees in your agency, the number of employees eligible for voluntary early retirement, and the number of employees expected to exercise the early retirement option. You must use early retirements only to the extent necessary to achieve the reductions in your workforce outlined in your request.

You must notify OPM if, at any time, further use of voluntary early retirement will no longer accomplish the objectives stated in your request for authority. OPM may suspend or terminate an authority if OPM determines that the agency is no longer undergoing the major reorganization, major reduction in force, or major transfer of function that formed the basis for approval of the authority. Also, OPM may suspend or terminate this authority if the agency is not operating its early retirement program in a manner consistent with applicable laws or regulatory requirements or if the agency is not complying with the reporting requirements provided in this approval letter.

If you find that you must limit voluntary early retirements among your employees, you may adopt any fair and objective methods and criteria for approving applications that you believe are necessary. Please ensure that agency managers or employees do not coerce employees who are eligible for voluntary early retirement.

Be sure to include employees who are eligible for voluntary early retirement in your regular retirement counseling activities.

As in other retirement situations, those retiring under this authority must have been covered under the Federal employee health benefits and life insurance programs for at least the last five years of their service in order to continue such coverage in retirement. For details on this requirement, refer to Benefits Administration Letters 96-208 (December 4, 1996) and 00-220 (November 7, 2000), and information in the insurance handbooks available on OPM's website at www.opm.gov/insure.

For each voluntary retirement, the individual retirement record [Standard Form 2806 for Civil Service Retirement System (CSRS) or Standard Form 3100 for Federal Employees Retirement System (FERS)] must show the appropriate CSRS or FERS authority. A statement similar to the following should appear in the last line of the service history portion of the form: RET 5 U.S.C. 8336(d)(2), or RET 5 U.S.C. 8414(b)(1)(B); OPM authority number: 2003-009.

The following nature of action codes should be used on the Standard Forms 50 used to separate employees who are retiring under this authority:

<u>Block</u>	<u>Code-CSRS</u>	<u>Code-FERS</u>
5-A	303	303
5-B	Retirement-Special Option	same as CSRS
5-C	V3P	USM
5-D	5 U.S.C. 8336(d)(2)	5 U.S.C. Chapter 84
5-E	AZM	same as CSRS
5-F	OPM Auth. 2003-009	same as CSRS

Please use the reporting format in enclosure 2 to furnish interim reports on the use of this authority. Also, please review closely the reporting requirements in enclosure 2 to determine the required data. A final report is due 60 days after the final closing date of the authority.

INSTRUCTIONS FOR REPORTS TO OPM ON USE OF VOLUNTARY EARLY RETIREMENT AUTHORITY

1. Agencies using early retirements are required to submit data to OPM regarding early retirement activity. This report is included.
2. Agencies are required to provide periodic and final reports to OPM on the use of voluntary early retirement authorization and buyouts. In order to track and evaluate trends, help anticipate staffing needs in OPM's Retirement and Insurance Service (to allow prompt processing of retirement applications), and to meet other reporting requirements, agencies must provide activity summaries, quarterly interim reports, and final reports on a timely basis.
3. Types of Reports
 - a) Quarterly Interim Reports: An interim report is due 30 days after the end of each quarter following approval of the authority. The quarterly interim report should include data specific to the quarter which just closed as well as cumulative fiscal year data (as of the end of the fiscal quarter that the report covers).
 - b) Final Reports: A final report is due 60 days following the closing date of the authority.
 - c) Activity Summaries: Agencies are urged to forward quarterly summaries to OPM which highlight where voluntary early retirements will be offered.

CONTENT OF REPORTS

1. Each report to OPM on the use of a voluntary early retirement authority must contain the information in the attached sample. (See the last page.)
2. Agencies must use the reporting format included with the authority. (Do not use an old report format with new authority reports.)
3. Although this report is essentially identical to the reporting format used for the last year, agencies are advised to carefully review this reporting format before offering early retirements in order to anticipate and track the data required in this report.
4. Agencies should submit a completed report to OPM even if there has been no early retirement activity in the agency. Otherwise, OPM cannot determine whether the agency had no activity, failed to report, or that the report was not complete when it reached OPM. Reports should cover activity occurring only during the period of the authority.
5. OPM may suspend or terminate an authority if the agency fails to comply with the reporting requirements included in the authority.

Enclosure 2

WHERE AND WHEN AGENCIES SHOULD REPORT

1. Where to Send Reports : Please complete the report and send it to:

Office of Personnel Management
Employment Service
Workforce Restructuring Policy Division
Room 6557
1900 E Street, NW
Washington, DC 20415-9700

2. You may fax a copy of the report to (202) 606-2329.

3. Reporting Schedule

QUARTER	QUARTER ENDING DATE	REPORT DUE BY
First	December 31	January 30
Second	March 31	April 30
Third	June 30	July 30
Fourth	September 30	November 30
(FINAL for FY)		

(Note that final FY report is due 60 days after end of FY)

4. At the beginning of a new fiscal year, the report should include data with respect only to that new fiscal year (i.e., there is no need to report cumulative data which covers multiple fiscal years).
5. Failure to Report: OPM may suspend or terminate the voluntary early retirement authority in cases where agencies fail to meet reporting deadlines or requirements.

REPORT TO OPM ON USE OF VOLUNTARY EARLY RETIREMENT AUTHORITY

*ALL AGENCIES SHOULD USE THIS FORM.
THIS FORMAT SUPERSEDES PREVIOUS REPORTING REQUIREMENTS*

Department or Agency: _____

Date of Report: _____

OPM Early Retirement Authority Number: _____

QUARTER				FISCAL
1st	2nd	3rd	4th	YEAR
(circle quarter)				<u>TOTAL</u>

VOLUNTARY EARLY RETIREMENTS**(1) Number of voluntary early retirements:**

- | | | |
|---|-------|-------|
| (a) Number of employees receiving an offer:
(provide the number of employees eligible for early retirement
who were offered an opportunity to retire under this authority). | _____ | _____ |
| (b) Total early retirements: | _____ | _____ |
| (c) Total voluntary separation incentive payments: | _____ | _____ |
| (d) Average age of early retirees: | _____ | _____ |
| (e) Average grade of early retirees: | _____ | _____ |

(2) Was reduction in force (RIF) used?

_____ NO (go to #4) _____ YES (complete 3 & 4)

(3) Number of employees affected by reduction in force (RIF):

- | | | |
|------------------------------|-------|-------|
| (a) Total RIF separations: | _____ | _____ |
| (b) Total RIF downgrades: | _____ | _____ |
| (c) Total RIF reassignments: | _____ | _____ |

(4) Other attrition that occurred:

- | | | |
|-------------------------------|-------|-------|
| (a) Other retirements: | _____ | _____ |
| (b) Other resignations: | _____ | _____ |
| (c) Other transfers: | _____ | _____ |
| (d) Other: | _____ | _____ |
| (e) Total separations in a-d: | _____ | _____ |

**Voluntary Early Retirement Authority (VERA)
Guidance and Procedures
Fiscal Year 2003**

All VERA requests must adhere to the guidance and procedures delineated below. This guidance is based on OPM approval dated August 1, 2002. The VERA Request Format is attached.

Request Considerations

- Only employees on DoD rolls on or before June 25, 2002, are eligible to receive a VERA.
- Employees serving under time-limited appointments, as well as employees in receipt of a decision of involuntary separation for misconduct or unsatisfactory performance, will not be given a VERA offer.
- VERAs may be based on occupational series or grade, as well as organizational, geographical, and nonpersonal and objective factors, or any combination of these factors.
- The number of VERAs requested should not exceed the number of employees eligible for VERA within the specified organization and geographic area.
- Each DoD installation requesting VERA should determine the maximum number of VERA approvals and the anticipated number of opportunity periods (windows) required.
- Multiple opportunity periods (windows) may be used to better meet organizational needs.
- An approved request for a group of early retirements need not be used at one time. The organization may choose to open one opportunity period or several opportunity windows to achieve the total retirements within its overall authority. For example, 25 applications could be solicited and approved during each of five different opportunity windows in order to reach the desired total.
- When multiple windows are used, the covered employees must be informed, by an announcement made prior to receipt of applications, of these limitations and the separate opportunity windows which may not exceed the time limits of the overall authority. In the event that approved nonpersonal factors other than leave service

computation date are used to determine early retirement eligibility, these factors must be included in the announcement.

- General announcement of a single opportunity period should indicate the dates for opening and closing, the number of anticipated VERAs, and any approved nonpersonal and objective factors being considered.
- The VERA request must specify that multiple opportunity windows are anticipated in reaching the early retirement goal.
- When a Fiscal Year (FY) 2003 approved authority must be modified, an amended request specifying only the information relating to new requirements may be submitted using the procedures specified in this guidance. Significant new requirements may require submission of a request for a new authority.
- A request may cover more than one organizational element and more than one geographic location.
- The timeframe for a specific request may not exceed September 30, 2003.
- Multiple requests may be batched for ease of administration and processing. A batch request should clearly identify each VERA required.
- Retiring employees must be off the rolls by the expiration or termination date (RIF effective date) of the approved authority; VERA recipients may not be retained in a duty status after the effective date of the respective RIF for any reasons.

Submission Process

Requests for new early retirement authorities or to terminate or amend existing authorities will be submitted through the chain of command to the Civilian Assistance and Re-Employment (CARE) Division, Civilian Personnel Management Service (CPMS).

Request Content

Requests must contain all of the information detailed in the VERA Request Format attached. The information provided must clearly delineate the scope (e.g., organization, geographic location, occupation, timeframe) and the nature (e.g., opportunity period(s) and total number of required early retirements). This information is critical in assessing the request. The absence of adequate or complete information may delay processing.

Voluntary Separation Incentive Pay (VSIP) and VERA

VSIP (buyout) procedures remain the same. Targeting buyouts based on occupational series and grades continues to be an effective management tool. Employees who receive VSIP may or may not be the same as those who retire under VERA.

Under DoD's authority, VERA may be used in conjunction with the Expanded VSIP Program. Activities offering VSIP and VERA in conjunction with the Expanded VSIP Program will use Authority Number 2003-009-999 through FY 2003.

Reporting Requirements

A final report must be forwarded through the chain of command to the CARE Division not later than 30 days following the expiration or termination of the delegated authority. The attached report format is provided for this purpose.

**Voluntary Early Retirement Authority (VERA)
Request Format – Fiscal Year 2003**

1. Justification: State the reasons why the VERA is needed, including a detailed explanation of the organization's personnel and budgetary situation resulting in surplus civilian personnel. For amendments, specify the authority that is being amended, describe the reasons for the amendment, and provide information below relating only to the new requirements.
2. Scope and Nature of Request:
 - a. Area of Application: Specify the organizational unit(s), geographical area(s), occupational series or level(s), or other nonpersonal factor(s) to which the VERA will apply. If occupational series or level(s) are not going to be targeted, indicate that VERA will be extended to all employees within the specified area.
 - b. Timeframes:
 - (1) Provide the starting and ending dates for the requested authority. This timeframe or opportunity period may cover all or any portion of the remainder of FY 2003, but may not extend beyond September 30, 2003. All VERA takers must retire during the specified opportunity period. The ending date must not be later than the effective date of the planned reorganization, reduction in force (RIF), or RIF resulting from transfer of function (TOF) shown in number 3 below. (Organizations requesting VERA should keep in mind the "third of the month" deadline. Civil Service Retirement System employees who retire after the third of the month lose the annuity for that month. Under the Federal Employees Retirement System, all annuities based on voluntary retirement begin on the first day of the month following separation.)
 - (2) Within this opportunity period, activities may open and close multiple opportunity periods/windows, control the timing, number of windows, and total VERAs per window. Identify whether the activity will use opportunity windows and any nonpersonal factors to manage the approval of applications (leave service computation date need not be identified as a nonpersonal factor when used in conjunction with Voluntary Separation Incentive Pay (VSIP) as directed by DoD policy).
3. RIF Effective Date:
4. Employee Information: (Within the specified area of application)

- a. Total number of permanent employees:
 - b. Total number of temporary employees:
 - c. Permanent employees expected to leave the organization voluntarily (i.e., attrition) before the planned effective date of the RIF:
 - d. Total number of Senior Executive level (e.g., SES, ST, SL) or equivalent positions that will be affected by the request: (Generally, for each position identified, there must be a reduction of one high-grade or SES-equivalent position.)
5. After attrition, the estimated number of permanent employees covered (within the specified area of application) by the request who would:
- a. Be separated by RIF:
 - b. Be demoted:
 - c. Be eligible for VERA:
 - d. Accept VERA:
 - e. Not be separated or demoted because of projected early retirements:
(Number of early retirements requested)
6. Projected number of early retirements that will not avoid RIF separations or downgrades:
7. Name, title, telephone number, fax number, and e-mail address of an organization contact for the requested VERA:

Forward the VERA request through the chain of command to Defense Civilian Personnel Management Service, CARE Division, Suite B-200, 1400 Key Boulevard, Arlington, VA 22209-5144

Voluntary Early Retirement Authority (VERA) Report Format

A final report is due no later than 30 days after the expiration or termination of the VERA. Completed reports should be forwarded through the chain of command to the Defense Civilian Personnel Management Service, CARE Division, 1400 Key Boulevard, Suite B-200, Arlington, VA 22209-5144.

Supporting Human Resources Office:
Voluntary Early Retirement Authority Number:

1. Number of voluntary early retirements – VSIP paid:

- (a) Total early retirees: _____
- (b) Average age of retirees: _____
- (c) Average grade of early retirees: _____
- (d) Average amount of VSIP: _____

2. Number of voluntary early retirements – no VSIP paid:

- (a) Total early retirees: _____
- (b) Average age of early retirees: _____
- (c) Average grade of early retirees: _____

3. If RIF was used, number of employees affected:

- (a) Total RIF separations: _____
- (b) Total RIF downgrades: _____
- (c) Total RIF reassignments: _____

4. Attrition other than VERA:

- (a) Retirements: _____
- (b) Resignations: _____
- (c) Transfers: _____
- (d) Other: _____
- (e) Total: _____

5. Number of employees eligible for early retirement who were offered an opportunity to retire under this authority:

6. Number of new employees placed in vacancies created by a VERA:
